



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Planning & Development
Department No.: 053
For Agenda Of: Set Hearing on
September 19, 2017, for
October 3, 2017
Placement: Departmental
Estimated Time: 2.5 hours on October 3,
2017
Continued Item:
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Glenn S. Russell, Ph.D., Director, Planning and Development
Director(s) (805) 568-2085
Contact Info: Daniel T. Klemann, Deputy Director, Long Range Planning
(805) 568-2072
SUBJECT: Short-Term Rental (STR) Ordinance

County Counsel Concurrence

As to form: Yes

Other Concurrence: Treasurer-Tax Collector

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Supervisors (Board):

On September 19, 2017, set a hearing for October 3, 2017 to:

- a) Case No. 16ORD-00000-00009 (County LUDC Amendments)
 - i) Make the required findings for approval, including California Environmental Quality Act (CEQA) findings (Attachment 1); and
 - ii) Adopt an Ordinance amending Section 35-1, the Santa Barbara County Land Use and Development Code, of Chapter 35, Zoning, of the County Code by amending Article 35.2, Zones and Allowable Land Uses, Article 35.3, Site Planning and Other Project Standards, Article 35.4, Standards for Specific Land Uses, and Article 35.11, Glossary, to implement new regulations regarding the land uses of Short-Term Rentals and Homestays and make other minor clarifications, corrections, and revisions (Case No. 16ORD-00000-00009) (Attachment 2).

- b) Case No. 16ORD-00000-00011 (MLUDC Amendments)
 - i) Make the required findings for approval, including CEQA findings (Attachment 3); and
 - ii) Adopt an Ordinance amending Division 35.2, Montecito Zones and Allowable Land Uses, Division 35.3, Montecito Site Planning and Other Project Standards, and Division 35.10, Glossary of the Santa Barbara County Montecito Land Use and Development Code, of Chapter 35, Zoning, of the Santa Barbara County Code, to implement new regulations regarding the land uses of STRs and Homestays and make other minor clarifications, corrections, and revisions (Case No. 16ORD-00000-00011) (Attachment 4).
- c) Case No. 16ORD-00000-00012 (Article II Amendments)
 - i) Make the required findings for approval, including CEQA findings (Attachment 5);
 - ii) Adopt an Ordinance amending Article II, the Santa Barbara County Coastal Zoning Ordinance, of Chapter 35, Zoning, of the County Code by amending Division 1, In General, Division 2, Definitions, Division 4, Zoning Districts, Division 6, Parking Regulations, Division 7, General Regulations, and Division 12, Administration, to implement new land use regulations regarding the land uses of STRs and Homestays and make other minor clarifications, corrections, and revisions (Case No. 16ORD-00000-00012) (Attachment 6); and
 - iii) Make the required findings for approval, including CEQA findings (Attachment 7)
 - iv) Adopt an Ordinance amending Article II, the Santa Barbara County Coastal Zoning Ordinance, of Chapter 35, Zoning, of the County Code by amending Division 5, Overlay Districts, to implement a new Short-Term Rentals-Coastal Historic Overlay District with land use regulations regarding STRs, and make other minor clarifications, corrections, and revisions (Case No. 17ORD-00000-00008) (Attachment 8).
- d) CEQA Notice of Exemption
 - i) Determine that adoption of these ordinances is exempt from CEQA pursuant to Section 15061(b)(3) and section 15265 of the State Guidelines for Implementation of CEQA (Attachment 9).
- e) Direct staff to develop a countywide farmstay program in the AG-II zone districts in conjunction with the Agricultural Tiered Permitting project currently underway and included in the 2017-18 Long Range Planning Work Program.
- f) Direct staff to return to the Board of Supervisors prior to the end of this calendar year to consider implementation options and select an enforcement approach, including necessary staffing, to be incorporated into the Department's fiscal year 2018-19 budget submittal.

Summary Text:

The proposed ordinances, if adopted by the Board, will establish new zoning regulations that will permit the use of STRs in (1) certain Mixed-Use zone districts and (2) certain Commercial zone districts where other transient lodging is permitted. The proposed ordinance also will establish a new, STR-Coastal Historic Overlay zone in which STRs would be permitted. The proposed ordinances will prohibit STRs in all other Residential (outside of the STR-Coastal Historic Overlay), Agricultural, Resource Protection, Industrial, and certain Special Purpose zone districts. However, the proposed ordinances will permit Homestays in (1) Residential zone districts and (2) Agricultural I (AG-I) zone districts.

The proposed ordinances will amend the LUDC, Article II, and MLUDC. The complete text of the ordinance amendments is set forth in Attachment 2 (LUDC), Attachment 4 (MLUDC), Attachment 6 (Article II), Attachment 8 (Article II – STR-Coastal Historic Overlay), and summarized below.

LUDC Amendments. The proposed LUDC amendments will permit STRs with a Land Use Permit (LUP) in the Mixed Use (MU), Community Mixed Use – Los Alamos (CM-LA), Old Town – Residential/General Commercial (OT-R/GC), Old Town – Residential/Light Commercial (OT-R/LC), Limited Commercial (C-1), Retail Commercial (C-2), General Commercial (C-3), Highway Commercial (CH), and Resort/Visitor Serving Commercial (C-V) zone districts. No additional development standards are proposed for STRs within commercial and mixed-use zones. STRs will be prohibited in all other zone districts—including residential zone districts—in the inland areas of the County. In addition, Homestays will be permitted with a LUP in Residential and Agricultural I (AG-I) zone districts, subject to compliance with specific development standards.

MLUDC Amendments. The proposed MLUDC amendments will permit STRs in the Resort/Visitor Serving Commercial (CV) zone district of Montecito. STRs will be prohibited in all other zone districts—including residential zone districts—in the inland areas that are subject to the Montecito Community Plan. The proposed MLUDC amendments will also permit Homestays with a LUP in Residential zone districts subject to compliance with specific development standards.

Article II Amendments. The proposed Article II amendments will permit STRs with a Coastal Development Permit (CDP) in the C-1, C-2, C-V, and CH zone districts. Furthermore, the proposed amendments will establish a new, Short-Term Rentals-Coastal Historic Overlay District, in which STRs will be permitted with a CDP and subject to compliance with specific development standards. Staff has prepared a Short-Term Rentals-Coastal Historic Overlay District that encompasses an area of the coast in the vicinity of Miramar Beach. The boundaries for the overlay have been delineated based on data gathered on the payment of transient occupancy taxes (TOT) dating back to 2005 when the Treasurer-Tax collector first actively started collection (Attachment 11). STRs will be prohibited in all other zone districts—including residential zone districts—that are not subject to the STR-Coastal Historic Overlay zone. Finally, Homestays will be permitted with a CDP in Residential and Agricultural I (AG-I) zone districts subject to compliance with specific development standards.

BACKGROUND

Board of Supervisors

At the June 6, 2017, hearing, the Board considered the information provided in the Board Agenda letter and staff presentation, which the Board requested at its December 6, 2016, hearing. The Board made motions providing the following direction:

- Revise the proposed STR ordinances such that they would: (1) permit STRs in Commercial and Mixed Use Zones, (2) prohibit STRs in Residential Zones, (3) prohibit STRs in AG-I Zones, (4) prohibit STRs in Resource Protection, Industrial, and Certain Special Purpose Zones, and (5) allow Farmstays in AG-II Zones consistent with standards incorporated into the Gaviota Coast Plan;
- Develop a new, Short Term Rentals-Coastal Historic Overlay zone in areas that have a long history of STRs where STRs would be permitted subject to certain regulations;
- Revise the ordinances to permit Homestays in AG-I and Residential zones; and
- Provide options related to permitting and licensing, TOT information, proof of owner/long-term tenant occupancy, and other development standards as appropriate.

Links to the previous Board letters and public comments are included in Attachment 10.

DISCUSSION

Ordinance Summary

The County has the authority to establish a long-range land use plan and to implement policies through regulations. The County has adopted a Comprehensive Plan and zoning regulations that direct the location and extent of land uses, as well as provide standards and regulations that serve to differentiate appropriate land uses within each zone district and create regulations for orderly growth, development, and use of property through zoning. STRs are not specifically addressed in the LUDC, Article II, or the MLUDC. STRs have been growing in number throughout the County; zoning regulations would ensure that STRs are properly located and regulated such that they do not compromise orderly growth, development, and use of property.

The following is a summary of the proposed ordinance amendments that staff prepared pursuant to the Board's direction to regulate the use of STRs in specific zones as noted below:

Definitions

The attached ordinances define a "Short-Term Rental" as: "A structure which is rented for overnight lodging, in whole or in part and with or without the presence onsite of the owner or representative of the owner, for 30 consecutive days or less."

The attached ordinances define a "Homestay" as: "A residential structure, including portions thereof, rented for 30 consecutive days or less where the owner or long-term tenant of the property inhabits a legal dwelling on the same lot at the same time as the transient occupant."

Therefore, as noted above there is a key distinction between STRs and Homestays—whereas STRs do not require the property owner or long-term tenant to be present on the property while a dwelling is used as a STR, Homestays only involve situations in which the property owner or long-term tenant is present on the property while the dwelling is rented as transient lodging.

Allow STRs in Certain Commercial and Mixed Use Zone Districts (LUDC, Article II, and MLUDC)

The proposed ordinances will permit STRs in (1) mixed use and certain commercial zone districts (MU, CM-LA, OT-R/LC, OT-R/GC, C-1, C-2, C-3, CH, and C-V) in inland areas outside of Montecito, with a LUP; (2) C-1, C-2, C-V, CH zone districts in the Coastal Zone, with a CDP; and (3) C-V zone district in

the inland area of Montecito, with a LUP. In short, STRs would be permissible where other traditional transient lodging uses (e.g., hotels) are permitted. STRs would not be permitted in those commercial zone districts that do not also currently permit other lodging types. Because STRs will be surrounded by other commercial uses, specific development standards for STRs are not warranted in commercial areas.

Allow STRs in a New, STR-Coastal Historic Overlay Zone District (Article II)

The Board directed staff to develop a path for permitting STRs on lots historically used as STRs in the Coastal Zone. Staff looked for historical data on homes that have been used as vacation rentals on the coast at the Santa Barbara Historical Museum, Visit Santa Barbara, and on the Sanborn Fire Insurance Maps, yet was unsuccessful at locating historic data going back decades on vacation rentals. During the public process, residents of the Miramar Beach area have expressed that the beach houses have been used as vacation rentals before the establishment of current hosting platforms. Staff also has knowledge of homes at Miramar beach being used as vacation rentals for several decades. These vacation rentals were advertised by signs at the rentals. In addition, the county has existing and historic TOT data dating back to 2005, which staff used to identify areas that have been used as vacation rentals before the existence of current internet hosting platforms, to determine an appropriate boundary for the overlay. Based on staff's review of existing and past TOT data, staff developed the overlay district in the coastal area of Miramar Beach. This is the only area that had any TOT certificates issued prior to the start of hosting platforms, like AirBNB. The boundary for the STR-Coastal Historic Overlay encompasses an area within a portion of the Montecito Community Plan area of the Coastal Zone. The proposed boundary, along with supporting graphs, is depicted in Attachment 11. Staff supports the data and knowledge that went into the creation of this boundary. It is within the Board's discretion to adjust this boundary at the hearing if additional data to support such an adjustment is presented. STRs located in the area that would be subject to the overlay would require the approval of a CDP, compliance with specific development standards, and annual renewal with the approval of a LUP. This process will allow staff to monitor the use and give neighbors potential recourse through the permit renewal process. A complete list of development standards for STRs in the STR-Coastal Historic Overlay are set forth in Attachment 8, page 2.

Prohibit STRs in Residential Zone Districts (LUDC, Article II, and the MLUDC)

The ordinance amendments would prohibit the use of STRs in all residential zone districts, outside of the above STR-Coastal Historic Overlay (i.e., RR, R-1/E-1, EX-1, R-2, DR, PRD, SLP, SR-M, SR-H, MHP, MHS, and MR-O zone districts set forth in the LUDC; RR, R-1/E-1, R-2, EX-1, DR, PRD, SR-M, SR-H, and MHP zone districts set forth in Article II; R-1/E-1, R-2, DR, and PRD zone districts set forth in the MLUDC).

Prohibit STRs in the AG-I and AG-II Zone Districts (LUDC and Article II)

During the hearings, there was discussion regarding allowing STRs in both AG-I and AG-II zone districts. There was concern that a commercial, non-agricultural use such as a STR can result in temporary increases in population and conflicts between agriculture and urban areas impacting onsite and adjacent agricultural operations. After public input and consideration, the Board determined that STRs on AG-I and AG-II parcels would create unacceptable land use compatibility issues. Therefore, the ordinance amendments would prohibit the use of STRs in both Agricultural zone districts.

Prohibit STRs in Resource Protection/Management, Industrial, and Certain Commercial and Special Purpose Zone Districts (LUDC, Article II, and the MLUDC)

The attached ordinances also prohibit STRs in the resource protection/management, industrial, public

utilities, and certain special purpose zone districts (i.e., MT-GOL, RMZ, PI, M-RP, M-1, M-2, M-CR, OT-R, OT-R/LC, PU, and REC zone districts set forth in the LUDC; PI, M-CD, PU, REC, RES, M-CR, TC, and MT-TORO zone districts set forth in Article II; and RMZ, CN, PU, and REC zone districts set forth in the MLUDC). Resource protection/management zone districts are created to protect natural resources from intensive development or limit development due to fire hazards or slopes exceeding 40 percent. Industrial zone districts establish areas for manufacturing uses. Furthermore, the special purpose districts have been created for services like utilities, transportation corridors, open spaces, or to establish and maintain specific standards for unique historic areas. The commercial zone (CN in the MLUDC) in which STRs would be prohibited are appropriate for local retail, service businesses, professional uses, or coastal commercial uses. The intent of these commercial zones do not support the use of STRs and also other transient lodging uses are not permitted in these zone districts. In short, given the specific, limited purposes of these zone districts, STRs would be inappropriate in, and would be inconsistent with the purpose and intent of, the resource protection/management, industrial, public utilities, and certain special purpose zone districts.

Permit Farmstays in the AG-II Zone District

At the June 6, 2016, hearing, the Board directed staff to develop ordinance amendments to allow the use of “Farmstays” in the AG-II zone district, subject to development standards that were created for Farmstays in the Gaviota Coast Plan. “Farmstay” is defined as “[a] type of working farm or ranch operation that is partially oriented towards visitors or tourism by providing guest accommodations. Such an operation may include interactive activities where guests participate in basic farm or ranch operations such as collecting eggs and feeding animals, or a work exchange agreement where the guest works a set number of hours in exchange for free or reduced rate accommodation.”¹ A Farmstay differs from STRs due to the inn-keeper relationship that is set-up between the agriculturalist and the guests coming to the property² as well as the food service that is normally included with the use. In addition, more guests can visit a farmstay at one time (up to 15 people) than is typical of a STR. These factors set the use of a Farmstay apart from the use of a STR.

Farmstays constitute the allowance of a new use on AG-II lands, which has the potential for increased intensity of development that warrants environmental review pursuant to CEQA. In contrast, all of the other amendments that the Board directed staff to develop would limit where STRs are allowed (as compared to where they are currently allowed) and, consequently, are exempt from environmental review pursuant to CEQA. Therefore, staff recommends that the Board consider the allowance of Farmstays on AG-II lands as part of the Agricultural Tiered Permitting project, which is included in the 2017-2018 Long Range Planning Work Program. This project will develop a revised zoning permit structure for certain agricultural uses and allow compatible new uses which support and encourage the continuation of local agricultural operations. The allowance of Farmstays would be a logical addition to this project which would undergo full environmental review pursuant to CEQA. Staff anticipates that the Agricultural Tiered Permitting project will be ready for Planning Commission hearings during summer 2018 and the Board of Supervisors’ consideration in late summer/fall 2018.

Allow Homestays in Residential and AG-I Zone Districts (LUDC, Article II, and the MLUDC)

The attached ordinances would allow the use of Homestays in certain residential zone districts, certain special purpose zones, and the AG-I zone district (i.e., RR, R-1/E-1, EX-1, R-2, DR, PRD, SLP, MHP, MHS, MR-O, MU, NTS, OT-R, OTR-LC, OTR-GC, and AG-I zone districts set forth in the LUDC; RR,

¹ Santa Barbara County Code - Chapter 35 - County Land Use & Development Code, Definitions, page 11-20.

² California Homestay Act of 1999, Health and Safety Code Section 113893.

R-1/E-1, R-2, EX-1, DR, PRD, SR-M, SR-H, MHP and AG-I zone districts set forth in Article II; and R-1/E-1, R-2, DR, and PRD zone districts set forth in the MLUDC). The proposed ordinances would not allow Homestays in the Medium Density Student Residential (SR-M) or High Density Student Residential (SR-H) zone districts, due to overcrowding that already is a concern in Isla Vista.

Homestays in the above zones are unlikely to have the same detrimental effect on neighbors as STRs would, due to the owner or long-term tenant being present at the same time as the transient. Furthermore, as compared to STRs, Homestays have less impact on existing housing, since they will be primarily occupied by homeowners or long-term tenants.

Development Standards for STRs and Homestays

The attached ordinances set forth development standards that would apply to Homestays, in addition to STRs in the STR-Coastal Historic Overlay Zone District. More specifically, the development standards would require or include the following to address safety and compatibility issues:

- Compliance with certain fire, building, and health codes;
- Prohibition on the use of non-habitable dwellings as STRs or Homestays;
- Limitations on the number of transient occupants;
- Restrictions on parking;
- Limitation on the number of visitors;
- Limitations on noise generation;
- Requirements for internet listings with hosting platforms;
- Requirement for annual renewal of permit; and
- Compliance with permit revocation standards.

Additionally, each permit request will be noticed to surrounding neighbors. The complete list of development standards for Homestays can be found in Attachment 2, page 13 (LUDC), Attachment 4, page 4 (MLUDC), Attachment 6, page 12 (Article II) and development standards for STRs can be found in Attachment 8, page 2 (Article II – STR-Coastal Historic Overlay Zone District). The application of these regulations and standards for STRs in the STR-Coastal Historic Overlay Zone District and for Homestays will minimize the potential for nuisances such as parking congestion and noise that sometimes occur with these uses.

Ordinance Effective Date (LUDC, Article II, and the MLUDC)

Ordinance adoption will affect a number of existing STRs in zone districts where STRs will be prohibited. Staff reviewed STR platforms and found that STRs are often booked well in advance (e.g., several months), particularly for special occasions (e.g., weddings, anniversaries, or reunions). Due to these factors, staff is recommending that the prohibition on STRs in residential and special purpose zone districts in inland areas become operative at the conclusion of the 2018 summer rental period (333 days from the ordinance effective date, ending on September 30, 2018). Furthermore, for the regulations regarding STRs in the Coastal Zone, the California Coastal Commission must certify the Article II amendments before they would become effective or operative. Therefore, staff is recommending that the prohibition on STRs in certain residential and special purpose zone districts in coastal areas become operative (1) 90 days after the conclusion of the Coastal Commission certification process for the Article II amendments, or (2) 333 days from the ordinance effective date, whichever occurs first.

These operative dates for the ordinance amendments will allow the property owner or long-term tenant to honor previous bookings and convert the use of the property from a STR to a permitted use. This will

also give owners or long term tenants time to obtain a permit to operate under the new STR or Homestays regulations, if they are located in a zone district where the uses would be permitted.

Enforcement

The Planning and Development Department's current approach to enforcement is generally reactive, in response to reported complaints. The enforcement program is funded and staffed to support this approach. Enforcement of the proposed ordinance could take a variety of approaches:

- Complaint-driven, as with the current program which would not require additional staffing but may affect responsiveness if a significant volume of complaints are received;
- Added public outreach and education, which would require minimal additional staff time and could be absorbed by current staff; and/or
- Active enforcement, such as reviewing hosting platforms/spot checking compliance with the ordinance, and adding weekend staffing to increase the responsiveness to complaints, which would require additional staffing resources that could not be absorbed in the current departmental staff.

Under the complaint-driven approach, complaints related to STRs or similar uses (e.g., special events) rarely have corroborating information to support code enforcement actions. Any enhanced enforcement efforts, however, would have budget and staffing implications.

A more active enforcement approach might include contracting with a company, such as Host Compliance, that "mines" online hosting platforms and provides the County with lists of operating STRs. A dedicated email and/or phone line for complaints could also be employed. Many other jurisdictions have focused their enforcement measures on issuing subpoenas to the larger hosting platforms to get a list of the properties the platforms have as STRs. Adding weekend staffing would ensure enforcement staff are available to timely respond to complaints regarding short term rentals during the highest time of rental activity.

Since the ordinances, if adopted, would not be operative until fall of 2018, staff recommends that your Board direct Planning and Development to return prior to the end of this calendar year to consider options and select an enforcement approach, including necessary staffing, to be incorporated into the Department's fiscal year 2018-19 budget submittal.

Business License Alternative

The Board also requested that staff review the option of allowing STRs and Homestays through a business license process with the Tax Collector, rather than through land use permits that the Planning and Development Department issues.

Planning staff met with staff at the Treasurer-Tax Collector's Office and concluded that—from an administrative perspective—the business license alternative would be less effective and would require greater organizational changes than the proposed permitting approach to regulating STRs. Under the proposed permitting approach, implementation of the proposed ordinances would rely on the existing Planning and Development Department fee structure and permit process. Staff would be able to review permit applications and, if needed, add conditions of approval to permits for STRs and Homestays, to ensure that they comply with the development standards set forth in the ordinance amendments. Moreover, although enforcement staff and resources might need to be expanded to enforce the proposed

ordinances, the Planning and Development Department already has an enforcement program in place to enforce violations of the ordinances.

In contrast, the County of Santa Barbara's process for issuing business licenses is less suitable for regulating STRs and Homestays. The Treasurer-Tax Collector does not currently have a mechanism for intake of fees or deposits, or have staff that are trained and equipped to thoroughly review applications for compliance with development standards. In addition, the Treasurer-Tax Collector's Office does not have an enforcement division to ensure compliance with the terms of a business license. Although the Treasurer-Tax Collector's Office could be reorganized and equipped to conduct these functions, staff recommends that the land use permitting approach be used at this time for ease of implementation.

STRs within the Coastal Zone

Section 30213 of the Coastal Act, and Coastal Land Use Plan (CLUP) Policy 3.7.1 state: "Lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided. Developments providing public recreational opportunities are preferred."

In previous correspondence to the County, Coastal Commission staff has stated that STRs provide an opportunity for low-cost lodging accommodations for visitors to the coast. As proposed, the amended Coastal Zoning Ordinance will allow STRs in certain commercial zones and within a STR-Coastal Historic Overlay zone. Additionally, Homestays will be permitted in all residential zone districts. In conversations with Coastal Commission staff, they noted that the City of Carpinteria had used this approach and it was a model to follow. Therefore, the proposed ordinance amendments will provide visitor opportunities along the County coast, consistent with Section 30213 of the Coastal Act and CLUP Policy 3.7.1.

Environmental Review

The proposed ordinance amendments to the LUDC, Article II, and MLUDC are exempt from environmental review pursuant to Section 15061(b)(3) of the State CEQA Guidelines. Section 15061(b)(3) states (in pertinent part) that "...the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment." As explained further in Attachment 9 (Notice of Exemption), no significant environmental impacts would occur due to the ordinance amendments.

Furthermore, the proposed ordinance amendments to Article II are exempt from environmental review pursuant to Section 15265 of the State CEQA Guidelines. Section 15265 sets forth a statutory exemption for the adoption of coastal plans and programs, including amendments thereto, and provides that compliance with CEQA is the responsibility of the California Coastal Commission.

Comprehensive Plan Consistency

Staff reviewed the ordinance amendments for consistency with the applicable policies of the Comprehensive Plan (Attachment 12). Staff concludes that the proposed ordinance amendments would be consistent with the Comprehensive Plan.

Fiscal Analysis

Project Funding. The Board approved the funding for the preparation of the proposed Short-Term Rental Ordinance through the adoption of the Long Range Planning 2015/2016 Work Program. Current fiscal year staff salaries and other costs associated with the Short-Term Rental Ordinance project is budgeted in the Long Range Planning Budget Program on page D-286 of the FY 2017/2018 budget. Total project cost since FY 2015/2016 is \$160,000, including an estimate to cover costs associated with decision-maker hearings and the Coastal Commission certification process.

There are no immediate staffing impacts associated with the actions. As noted above, staff will provide options for enforcement of the adopted regulations for consideration during the FY 18-19 budget process, including the fiscal and staffing implications.

There are no facilities impacts. Implementation of the ordinances will occur primarily through the development review process (i.e., zoning requirements and development standards applied to new land use permits) and there will be no cost to the County.

Transient Occupancy Tax. The proposed ordinances will only allow STRs in certain commercial and mixed use zones, and within the STR Coastal Historic Overlay district. If the proposed STR Ordinances are adopted, it is difficult to estimate how many new STRs will be established in the zones where they will be permitted. It is also difficult to estimate how many STRs are currently operating, or will be operating, as Homestays.

However, Tax Collector data regarding the issuance of TOT Certificates may provide some indication of the fiscal impacts associated with the adoption of the STR Ordinances. Staff reviewed the TOT Certificates issued during Fiscal Year 2015-2016, in order to estimate how much TOT revenue might be lost under the proposed STR Ordinances.

As shown in the table below, the Tax Collector issued 535 TOT Certificates, collecting approximately \$1,669,809 in taxes, of which: (1) 29 (5.42%) are located in zones where STRs would continue to be allowed; and (2) 506 (94.57%) are located in zones where STRs would be prohibited. Assuming that these STRs ceased and could not be permitted as Homestays, it would result in the loss of approximately \$1,641,423 million in TOT revenue.

Fiscal Year 2015-2016 TOT Certificates and Revenue

	TOT Certificates for STRs in Certain Commercial, Mixed Use, and Proposed STR-CH Overlay Zone Districts	TOT Certificates for STRs in Zones Where STRs would be Prohibited
Number of TOT Certificates	29 (5.42%)	506 (94.57%)
TOT Revenue	\$90,513	\$1,579,296

Special Instructions

Planning and Development staff will fulfill noticing requirements. The Clerk of the Board shall provide a copy of the executed Resolution and Ordinance amendments and Board Minute Order(s) to Planning and Development, Attn.: David Villalobos.

Attachments:

1. LUDC Findings
2. Ordinance amending the LUDC (Case No. 16ORD-00000-00009)
3. MLUDC Findings
4. Ordinance amending the MLUDC (Case No. 16ORD-00000-00011)
5. Article II Findings
6. Ordinance amending Article II (Case No. 16ORD-00000-000012)
7. STR- Coastal Historic Overlay Findings
8. Ordinance amending Article II – Short-Term Rentals-Coastal Historic Overlay (Case No. 17ORD-00000-000008)
9. CEQA Notice of Exemption
10. Link to Previous Board of Supervisors Letters
11. STR Historic Overlay Maps and Graphics
12. Plans, Policy, and Ordinance Consistency Analysis

Authored by:

Jessica Metzger, Senior Planner, 568-3532

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